

## PERSPECTIVES ON ARTS ENTREPRENEURSHIP, PART 1

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As the first peer reviewed research journal in the field of arts entrepreneurship, *Artivate: A Journal of Arts Entrepreneurship* takes its role as a framer of the discourse in and around arts entrepreneurship seriously. To advance that discourse, in addition to the articles and book reviews that have been regular features of *Artivate*, we have invited members of our editorial board and staff to contribute short think pieces. For these pieces we asked contributors to consider open-ended questions to which they could respond in whole or in part: what is their position in relation to arts entrepreneurship; how is arts entrepreneurship situated in relation to other disciplines or fields; what are the problems we are grappling with as scholars, practitioners, teachers, and artists; and what are the research questions we are attempting to answer individually or as a field? Following, you will find responses from: Andrew Taylor, Associate Professor of arts management at American University; Paul Bonin-Rodriguez, Assistant Professor of performance as public practice at UT-Austin and author of *Performing Policy* (reviewed in this issue); and *Artivate*'s publisher and co-editor, Linda Essig, Evelyn Smith Professor and director of the Pave Program in Arts Entrepreneurship at Arizona State University.

### Arts Entrepreneurship vs. the Sum of Its Parts

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“Arts entrepreneurship,” like its close relative “arts management,” has a complex pedigree and a sprawling footprint. Its frameworks and practices span many disciplines. Its areas of focus include the person, the process, and the outcome of entrepreneurial effort. But while we argue about the various branches and twists of this evolving ecosystem, we may be missing the forest for the trees.

As an older sibling of arts entrepreneurship, arts management offers some useful markers to find our way. Arts management has been aptly labeled a “borrower’s field” (DeVereaux and Vartiainen, 2009, p. 8; Brindle and DeVereaux, 2011, p. 5) as it draws from many disciplines in both theory and practice – visual and performing arts, humanities, business, political science, social science, and on and on. But arts management could also be labeled a “burrower’s field” as its practitioners, scholars, and supporters often dig their way into emerging and established domains in search of money, shelter, and positive attention.

Centuries ago, the arts found support by burrowing toward the values and vanities of affluent merchants, nobility, or organized religion, and borrowing the trappings of status and class. In the mid-20th Century, artists and arts organizations burrowed toward public purpose, growing philanthropic wealth, and nationalism, borrowing the tools and tactics of the evolving not-for-profit sector. More recently, the arts have burrowed into urban renewal, educational achievement, health and wellness, social cohesion, and a range of other favored foci of philanthropy and policy, often borrowing the processes and practices of each related field.

So it’s no wonder that “arts entrepreneurship” faces a similar kerfuffle about what it is and what it isn’t, and how we might practice, promote, or study it. The larger concept of

entrepreneurship is certainly burrow-worthy as the current coin of the realm for many donors, investors, funding crowds, policy-makers, and college administrators seeking same. Entrepreneurship has also proven borrow-worthy, with an evolving set of processes and practices holding deep resonance with creative endeavor, and particular value to passion-rich but resource-poor initiatives.

But what are we talking about when we're talking about entrepreneurship? And what are the unique and specific attributes of arts entrepreneurship? In his Delphi study on the first question (Gartner 1990), William Gartner identified eight themes that ran through various definitions of entrepreneurship. The themes (as I sort them) focused on the *person* (The Entrepreneur, The Owner-Manager), the *process* (Innovation, Organization Creation, Uniqueness), or the *outcome* (Creating Value, Growth, and Innovation serving as both process and outcome).<sup>1</sup> These three perspectives on entrepreneurship track well with evolving discourse, which explores the qualities and attributes of entrepreneurial individuals and groups (person), the iterative and innovative methods of acquiring and integrating resources (process), and the unique and emergent forms of value created (outcome).

However, understanding the reasons for and reach of arts entrepreneurship's sprawling identity only helps us see the trees. The forest is defined by how its elements are inseparably intertwined.

What if the unique and compelling aspect of arts entrepreneurship is not its separate parts, nor the paths between them, but its complete integration as a system? What if the person, the process, and the outcome inform and transform each other in ways we cannot observe or explain when considering them separately?

Systems scholar Russell Ackoff insisted that a "system is more than the sum of its parts; it is an *indivisible whole*. It loses its essential properties when it is taken apart" (Ackoff 1973, p. 664). Christian Bruyat and Pierre-André Julien suggest a similar perspective when they emphasize entrepreneurship as an inseparable dialogue between the individual and the new venture creation, where both are transformed and transforming. To them, "entrepreneurship is concerned first and foremost with a process of change, emergence, and creation: creation of new value, but also, and at the same time, change and creation for the individual" (Bruyat and Julien 2001, p. 173).

There is potential in the perspective that arts entrepreneurship cannot be defined by the traveler, nor the road, nor the destination, but rather by the journey that combines all three.

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<sup>1</sup> The remaining theme, Profit or Nonprofit, captured the continuing discussion of whether entrepreneurship was purely profit-focused, or could have other goals as well...suggesting a theme that is about person, process, and outcome all at once.

Gartner, W.B. (1990). "What are we talking about when we talk about entrepreneurship?"  
*Journal of Business Venturing* 5(1): 15–28.

### **Putting a Term to Good Use**

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I see arts entrepreneurship as an effective placeholder for a number of critical operations undergirding contemporary artistic practice and research. Easily, the term reminds artists, arts administrators, and scholars to account for the benefits of artistic production (social, cultural and artistic, as well as economic) and to recognize the costs in producing that work. Doing so is a political act. The naming of labor and creative contributions serves no one more than artists who have historically been imagined as unconcerned with money and been documented to make less their peers of similar education levels. At the same time, entrepreneurship need not be the only term for describing efficacy. Some might prefer professional development or merely professionalism. Others might refer to their practices as entrepreneurial, but still identity themselves as artists. Still others may attempt to coin their own portmanteau, such as "actorpreneur" or "artpreneur." In all of these cases, arts entrepreneurship scholarship invites critical engagement, and so I am less concerned with arguing the presence of the term as I am with putting it to good use.

As the scholarship in *Artivate* attests, the study of arts entrepreneurship also engages theories and practices developed in business and the social sciences and in doing so connects the arts to the opportunities in those disciplines. Arts entrepreneurship deploys case-making for instance, a practice commonly used in philanthropy to describe the stories that that contribute to project development and sustain support. Case-making resonates with efforts like branding and marketing, which can be used to gather a large following. All of these efforts contribute understanding to artistic expression from a broad and diverse constituency. Arts entrepreneurship scholarship can also look to qualitative and quantitative analyses. As scholars have noted in *Artivate*, arts entrepreneurship supports habits of mind that apply case-making to artistic processes.

In my own work with entrepreneurship, I seek to counter the idea that art making is a solitary act, the work of a virtuosic, creative individual rather than the product of many stakeholders. Consequently, I rely on the many disciplinary associations that touch upon arts entrepreneurship and make its hybridity more evident. These include social entrepreneurship, policy entrepreneurship, as well as business entrepreneurship. Again, however, *Artivate's* focus offers the means to interrogate the relevance of these forms to contemporary arts practice, arts organization, and cultural vitality.

### **The Ouroboros of Arts Entrepreneurship<sup>2</sup>**

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<sup>2</sup> Excerpted from Not about the Benjamins: Arts Entrepreneurship in Research, Education, and Practice. Keynote address for the Arts Business Symposium, UW-Madison, March 13, 2014.

In the introductory article to the first issue of *Artivate* (Beckman & Essig, 2012), I assert that “arts entrepreneurship” exists on a continuum from individual artists adopting entrepreneurial habits of mind in their practice at one end to new venture creation in the creative industries at the other. The former is the self-employment in the arts model, the goal of which is to teach individual artists to manage their own careers. The other end of the continuum is the creative industries entrepreneurship model where artists and arts organizations form firms. But why form an arts “firm?” In the literature of entrepreneurship, there are several complementary or even contradictory theories about the relationship between the means to and ends of entrepreneurial action, understood in this context to be new venture creation. Shane and Ventkataram (2000) would argue that entrepreneurial opportunity involves the discovery of new means and end relationships. That is probably true in the arts. That concept, however, is an expansion of one developed by Austrian School economist Ira Kirzner who, along with his neoclassical brethren believe that profit maximization is the *only* reason to undertake entrepreneurial activity. For Kirzner and others, the only viable reason – the only viable end – to entrepreneurial activity is the discovery of a new way to profit.

But it is unlikely that *anyone* undertakes a new venture in the arts, especially the nonprofit arts, to maximize their financial gain. Stephen Preece points out, “In the absence of profits, entrepreneurs in the not-for-profit performing arts are necessarily motivated by self-fulfillment within the execution of an artistic organizational mission” (2011, p. 108). While I don’t disagree with Preece, there are probably several other reasons why arts firms form: to decrease transaction costs (see, e.g., Coase, 1937), to make more effective decisions, (see, e.g., Cyert and March, 1963), or to share tacit knowledge (see, e.g., Grant, 1996).

Ultimately, however, firm formation itself is only a means to a greater end, and in the arts and culture sector, that end is not profit maximization. People – artists and those who support artists – undertake entrepreneurial activity in the arts and culture sector, both for profit and nonprofit, in order to *make art* and to make art available to its audience in new and innovative ways.

“Entrepreneurship” or “entrepreneurial behavior” is itself the means and *art* is the end. The entrepreneurial behavior generates money that in turn feeds back to the art. I illustrated this concept with an Ouroboros:



Figure 1. The Ouroboros of Arts Entrepreneurship

Art that is innovative must find its market. To be an *innovation*, according to Mihaly Csikszentmihalyi (1997), the creative product must influence its domain – it must have an impact. Entrepreneurship then – in the form of new venture creation – is the tool, the means, by which the art and the audience connect. That new venture generates money that, like the Ouroboros's tail, feeds the creation of more art.

So, in order to connect the innovation – the creative artistic product -- to the money that will feed it, requires knowledge and understanding of entrepreneurial action. What does it take for, at one end, an artist to manage her own career effectively and at the other, start a venture that will generate enough money to keep the circular flow going? I often tell my students that the “discipline” of entrepreneurship is opportunity recognition and, in the arts, opportunity *creation*. When artists and those interested in advancing the arts recognize the opportunities to generate revenue, to create new businesses that support the arts, then we have arts entrepreneurship.

There's a long history of thought around the idea that money will taint art. Kant (1914) said that the aesthetic is an end in itself. Adorno (1975) said that art as commercial entertainment is suppressive and Hans Haake (1997) made a bit of a fuss when he said that when artists participate in gallery and museum exhibitions, they trade their symbolic capital for financial capital. But when we see money as nourishing art, as the product of arts entrepreneurship feeding the making of art itself, which is an end unto itself as Kant said, then that taint is diminished if not done away with all together -- money is not the ends, it is the means. In *arts entrepreneurship*, it's not about the Benjamins, it's about the art.

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